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TAGS: ECIN ECON ENRG PGOV IZ

SUBJECT: HOW MINOIL DEVELOPED THE FUEL IMPORT REGULATIONS

REF: BAGHDAD 3913

Classified By: Economic Minister Counselor Daniel Weygandt for reasons 1.4 (b) and (d).

¶1. (C) Conversations with a key Ministry of Oil (MinOil) official indicate that there was a truncated process with no outside consultations during the drafting of the Fuel Import Liberalization Law Regulations published by the MinOil on October 12 (reftel). Longtime MinOil official and current Director General of Finance Radhwan al Saadi (strictly protect) told Emboff that Minister of Oil al Shahristani gave Deputy Minister Motassam Akram Hassan, a Kurd who joined MinOil in 2003, responsibility for drafting the regulations. Motassam assigned the task to an underling, Zuhair Shakir, a past director of the Drilling Company and of the Product Distribution Company. Zuhair held one internal meeting to discuss the regulations. Al Saadi described the meeting as a brainstorming session in which ideas were written down and labeled regulations, rather than a formal drafting and review process. The MinOil's legal division was not consulted, nor did the Ministry follow the standard practice of having an outside judicial group review the regulations. Following this one meeting led by Zuhair, the Minister of Oil officially distributed the regulations in the Iraqi newspapers on October 12.

¶2. (C) Note and Comment: The Ministry of Oil is responsible for issuing the regulations for the Fuel Import Liberalization Law (FILL) passed by the Council of Representatives in early September 2006. These regulations can be easily amended by the Minister of Oil. Post is collecting comments on the existing regulations and models of good regulations from other countries. We will bring these suggestions to the Minister of Oil upon his return to Iraq in mid-November. Deputy Prime Minister Barham Salih has suggested holding a conference for potential investors in fuel imports when the Minister of Oil returns. If this conference occurs, we will encourage investors to discuss aspects of useful regulations with Minister al Shahristani. Thus far, Minister al Shahristani has not been enthusiastic about this conference. End Note and Comment.

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